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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

In re PEACOCK GAP PROPERTIES, LLC, Debtor.	Case No. 09-34161 TEC Chapter 11 **DECLARATION OF JACK ROSE IN SUPPORT OF MOTION FOR APPROVAL OF OVERBID PROCEDURES IN CONNECTION WITH PROPOSED SALE CONTEMPLATED IN DEBTOR'S FIRST AMENDED PLAN OF REORGANIZATION** Date: January 18, 2011 Time: 11:00 a.m. Place: 235 Pine Street Courtroom 23 San Francisco, California

I, Jack Rose, declare as follows:

1. I am an individual and a Chairman and CEO of Peacock Gap Properties, LLC, the debtor and debtor in possession in the above-entitled action (the "Debtor"). I am over 18 years old. Unless otherwise stated, I have personal knowledge of the facts set forth herein, and if called as a witness, I could and would competently testify thereto. This declaration is submitted in support of MOTION FOR APPROVAL OF OVERBID PROCEDURES IN CONNECTION WITH PROPOSED SALE CONTEMPLATED IN DEBTOR'S FIRST AMENDED PLAN OF REORGANIZATION (the "Motion").

2. On December 30, 2009, the Debtor commenced its reorganization case by filing a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. I was designated the Responsible Individual and have been the primary person responsible for making decisions on

behalf of the Debtor.

3. Debtor owns and operates an 18-hole, par 71 golf course, complete with a driving range, a two level 26,000 square foot clubhouse, including a Pro Shop, restaurant, bar, golf cart storage, administrative offices and storage area, along with a 5,000 square foot maintenance facility, and a partially completed 2,800 square foot new golf services building on approximately 137 acres of commercial land situated near China Camp in San Rafael, Marin County, California (the "Golf Course").

4. I am informed and believe that the Golf Course was opened in approximately 1959 and was acquired by the Debtor in or about April 2005, for a purchase price of $10 million, with about $2 million in equity and about $8 million borrowed (the "Acquisition Loan") from Nara Bank ("Nara") secured by a first priority deed of trust upon the real property. The Golf Course is located at 333 Biscayne Bay Drive, San Rafael, California 94109 (the "Real Property").

5. The Golf Course is in need of substantial renovations.

6. I am informed and believe that beginning in about July 2006, Debtor and Nara began negotiations for a construction loan from Nara to Debtor for substantial renovation work at the Golf Course. I am further informed and believe that in August 2006, Nara approved and offered Debtor a construction loan in the approximate amount of $8 million, which Debtor accepted. I am informed and believe that on the strength of the representation of this $8 million construction loan, Debtor closed certain facilities for renovations, expended about $2.5 million in land improvements, and hired construction contractors, architects, and engineers.

7. I am informed and believe that in about May 2007 Nara refused to fund the $8 million loan and agreed only to fund a $3.2 million loan (the "Construction Loan"), leaving Debtor unable to complete construction and facing financial ruin.

8. Nara then commenced non-judicial foreclosure proceedings based upon the deeds of trust securing the Acquisition and Construction Loans and a foreclosure sale was scheduled for January 4, 2010. Nara’s foreclosure prompted the filing of this case.

9. I am familiar with the Debtor's most recent appraisal (the "Appraisal") of the Golf Course as a going-concern, including the Real Property, dated January 27, 2010. The Appraisal

values the Golf Course at $5,150,000.

10. Debtor is now in the off-season for golfing. Revenues are insufficient to maintain the on-going operations and Debtor is already operating with minimal staff and a minimal budget. It would not save any further money by closing its doors as it would still need to hire staff to maintain the greens, which preserves the value of the Golf Course. By keeping its doors open, the Debtor is able to generate some income to offset the costs it otherwise must incur to maintain the property and preserve the value of the business as a going-concern.

11. Because Debtor is unable to continue operations without additional funding, Debtor recently received post-petition financing from First Century on a final basis in the amount of $150,000 (the "DIP Loan"). As a condition of the DIP Loan, Debtor was required to hire an interim manager, and an order approving Rajiv Parikh as interim manager was entered on December 13, 2010.

12. I am informed and believe that the Debtor is not cash flow positive and will need continued financial assistance to make it through the winter season.

13. Based on my experience in this case and in general, I am informed and believe that the proposed sale is the best possible deal at this point in time. I have not received any offers for the Golf Course during my involvement of this case that would result in the payment of the Acquisition and Construction Loans, let alone any other monies for other creditors.

14. I am informed and believe that the bid procedures in the Motion are in the best interest of the estate. I am informed and believe that the proposed bid procedures will encourage and facilitate bidding by providing a specific process for the submission of bids by interested parties. I am further informed and believe that in the absence of these procedures, there would be uncertainty about the ability to submit a bid or the process for conducting due diligence, and our goal is to make this process as easy as possible. We intend this process is to give prospective buyers notice that this is their last opportunity to submit a bid.

15. I am informed and believe that absent the proposed sale, it would be highly unlikely that the Debtor could formulate a plan of reorganization.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed December 28, 2010, at San Diego, California.

/s/ Jack Rose
Jack Rose